

B8595HC
2. A22-2
Copy 1

Accountability of Undeliverable Miscellaneous Tax Refund Checks

Vicki B. McFarland
SC Department of Revenue

February 6, 2007

S. C. STATE LIBRARY

JUL 25 2007

STATE DOCUMENTS

The mission of the South Carolina Department of Revenue (SCDOR) is to “administer the tax laws of the state and to collect taxes in a manner that ensures public confidence in our integrity, effectiveness and fairness” (<http://www.sctax.org/default.htm>). We are committed to providing quality services to our customers; keeping the public’s trust by having integrity and honesty drive our business decisions; being accountable to our customers and responsible for all of our actions; and continuously improving the quality of our services (<http://www.sctax.org/Strategic+Plan/default.htm>).

The mission of the Office of Internal Audits within the SCDOR is to independently address the continuous evaluation of systems of operations within the agency and to ensure the efficient use of resources and the safeguarding of agency assets and information.

A primary function of the SCDOR is to collect the revenue due the state through collection and enforcement activities from the 32 taxes we administer. Taxpayers who have overpaid their tax liability are due a refund. This project will focus on tax types classified at SCDOR as “miscellaneous taxes” (e.g. those other than individual income).

A miscellaneous refund check and a letter informing the taxpayer of a refund are mailed separately to the taxpayer after the refund has been processed by the automated tax processing system (SCATS). Refund checks are returned to the SCDOR when the post office has determined that the check is undeliverable to the taxpayer. The post office may forward the letter if the taxpayer has provided a forwarding address, but will not forward the actual refund check or provide the forwarding address. Returned refund checks are classified by the SCDOR as “flybacks.”

The goal of this project is to review the process for flybacks of miscellaneous tax refunds to determine that appropriate monitoring procedures are in place from the time a flyback enters the SCDOR until its final disposition.

To maintain our mission of providing quality customer service, keeping the public's trust, and being accountable to our customers and responsible for our actions, the SCDOR must know to which tax areas flybacks have been forwarded, how many flybacks are in each tax area at any particular time, the current status of each flyback, and the final disposition of each flyback. Accountability of flybacks must be maintained so the agency can identify and support all actions taken on flybacks and ensure no monies have been inappropriately handled.

Initial data collection included capturing the tax type, taxpayer file number, check number, amount of refund, userid, zip code, flyback date, and voucher number of flybacks entering the agency each day for a period of 3 months (Appendix A). This data was entered into a database for later analysis. Staff in each tax area were interviewed to determine the current procedures used to resolve flybacks, what data was available in SCATS to research taxpayer information, and if they were using any other resources to update taxpayer information. Flowcharts of the overall process were developed from the information gained during the interviews (Appendix B). Research of best practices for undeliverable checks was also performed to compare the SCDOR process to those of other similar financial organizations.

Various types of flybacks come into the SCDOR mailroom as part of the daily mail. The mailroom employees sort the flyback checks and send them to the Contact Center. The Contact Center identifies the tax type on the tax processing system (SCATS) using the check number. Employees do not need to open the check because the number is printed on the reverse

side of the check envelope. Contact Center employees then send the flybacks to the appropriate tax processing area. The tax processing area will then attempt to contact the taxpayer using current information in the SCATS system. If they are unable to contact the taxpayer, they may try to find a better address by researching other tax areas within SCATS or other agency-approved resources. If a better address can be obtained, the check is inserted into a new envelope and mailed to the taxpayer and the SCATS system is updated with the new taxpayer information.

If a new address cannot be obtained, the check is canceled in the SCATS system. SCATS generates a letter that is sent with the check to the Office of the State Treasurer – Unclaimed Property. A copy of the letter and the check are kept in each tax area's files for future reference should the taxpayer contact the agency about the refund. SC Code of Laws, Section 27-18-140 and Section 12-54-270 (Appendix C), define undeliverable refund checks as unclaimed property.

During interviews with each tax area, I noticed some differences in the process used to locate a new address. Most areas only research the SCATS database or their own tax files to determine if a new address can be obtained. One area searches address locator databases on the internet and/or the ESCWages database to try to locate a new address. This same area automatically cancels refund checks under the amount of \$15.00 and keeps checks longer towards the end of the year to see if the taxpayer files an individual income tax return with a new address. Another tax area tracks the number of flybacks received, but the number is used to monitor tax examiners' correspondence load, not to track the activity of flybacks. None of the tax areas had written procedures for their staff to use to process flybacks. One tax area supervisor has a binder of hand written notes of the procedures she uses to handle flybacks and

stated that examiners in her area were responsible for maintaining their own notes about procedures. None of the tax area supervisors were able to give the number of flybacks in their tax area at the time of the interview or the status of outstanding flybacks in their area.

Though these differences did not seem to affect the eventual resolution of flybacks, the differences did reveal how the lack of consistent procedures used to process flybacks throughout the various tax areas affected the timeliness, consistency, and accountability of the flyback process.

After interviewing the tax processing areas, flowcharting the process, and collecting data on flybacks for three months, I loaded the data into ACL. ACL is a data analysis software package used by our Internal Audit division. This software is a very useful tool for quickly analyzing data in various ways.

From the data, I was able to determine what types of taxes were represented in the data, the range of refund amounts, duplicates, and the volume of flybacks for each tax area (Appendix D). I could further analyze individual categories, such as the range of refund amounts. Initial stratification showed the largest number of refunds fell within the \$1 to \$5000 range. Since this was a wide range, further stratification enabled me to determine that the largest percentage of refunds (approximately 70%) were \$200 or less. This analysis proved very useful in evaluating the financial risk facing the agency if the flybacks were inappropriately handled during the process (fraud, issued to the incorrect taxpayer, etc.). Though the greatest percentage of flybacks were \$200 or less, accountability to the public requires that all refunds, regardless of amount, be appropriately issued to the correct taxpayer or sent to the state's unclaimed property and the monies returned to the state's bank account.

I was able to look for duplicates to determine if flybacks were returned to the agency after they had been sent out again and if multiple checks were being sent to the same taxpayer. The initial duplicate search indicated that three flybacks had been returned at least once to the agency within the 3-month sample period. Another search indicated that multiple checks were being sent to the same taxpayer at the same incorrect address. Multiple checks can legitimately be issued to the same taxpayer in certain tax areas. This becomes a problem for flybacks when multiple checks are sent to the same bad address.

Twelve different types of taxes were represented in the data; the three with the highest number of flybacks were receivables, employee withholding, and corporate. Seven of the top ten amounts of refunds were also for receivables, employee withholding, and corporate.

By capturing the voucher number of each flyback and obtaining the total number of miscellaneous refund checks on each voucher, I was able to calculate the percentage of flybacks from each miscellaneous refund mailing.

By researching the flybacks on SCATS, I was able to determine the person who issued the initial refund, but was unable to tell who processed the flyback unless the refund had been canceled or a stop payment had been applied. It was not indicated on the refund screen if the refund had been sent out with a new address; the person working the flyback would have to go to the Registration database and update the address and add a note to indicate this action. Based on interviews in each tax area, this was not being done in all tax areas.

After initial data analysis of types and amounts of flybacks, a sample of 30 flybacks was selected for individual analysis. The top ten refund amounts were selected and 20 other items were selected at random from the remaining items. Each flyback in the sample was researched on the SCATS system to determine the current status of the check (e.g. ,

canceled/voided, issued, etc.). To verify the resolution of the sampled checks, I requested the status of the checks from the Office of the State Treasurer. Their response agreed with the results of my research.

Based on the sample of 30 items, it appears that the process is working and refunds were either sent to the taxpayer or the refunds were appropriately canceled. One issued check is still outstanding, but SCDOR is unable to control how quickly a taxpayer cashes a check once it is received.

Best practice research of other financial entities revealed several procedures used by other entities that were not being used at the SCDOR: (1) it was common practice to identify each undeliverable check as soon as it entered the organization and enter the information into a database for later reconciliation; (2) the data was entered into the database by someone other than the person(s) assigned to process the checks and periodic reconciliation was performed by someone other than the staff assigned to process the checks; (3) a separate section within the organization was assigned sole responsibility for processing flybacks; and (4) all entities referred to specific written procedures that should be followed to process flybacks. Several of the procedures listed above could be implemented at the SCDOR to improve accountability of refund checks.

Even though the process appears to be working, review of the process and research of best practices revealed areas where improvements can be made to increase tracking and accountability to ensure that checks are timely and appropriately processed by the tax areas.

Since the SCDOR is in a 5-year development process for a new automated tax processing system, modifications to the current tax processing system are unlikely to occur; therefore, this project will focus on other ways to improve the process without modifying the

current tax processing system. Action steps identified and suggested for implementation will be brought to the attention of the development staff so that those ideas may be incorporated into the planning and development of the new system as well as action steps that would improve the current system if the action steps were able to be incorporated (Appendix E).

After careful consideration of the data, review of the current flyback process, and review of the current organizational structure, the following action steps are suggested to improve the overall accountability of flybacks:

- Capture appropriate flyback information into a database as soon as it enters the agency by someone other than staff assigned to process flybacks;
- Allow entries to be made into the database as the flyback progresses through each stage so that activity can be monitored. Access should be restricted to selected fields for staff assigned to process flybacks; ability to delete or add flybacks to the database should be restricted to staff other than those assigned to process flybacks;
- Assign responsibility to supervisory/managerial staff in each tax area to periodically reconcile flybacks;
- Develop formal written procedures for each tax area to follow when processing flybacks;
- Determine if alternate research resources used in one tax area would benefit other tax areas;
- Determine if the practice of automatically canceling flybacks for amounts less than \$15.00 can be implemented across the miscellaneous tax spectrum;
- Determine if the practice in one tax area of holding flyback checks at the end of the year to determine if a subsequent individual tax return is filed is consistent with the current

law stating that refunds are presumed abandoned if unclaimed for a period of three months from the date the tax refund check was issued by the Department of Revenue.

Because the Office of Internal Audits cannot assume responsibility for actual implementation of process improvements, action steps for process improvement can only be recommended to management of the affected tax areas. It is management's responsibility to either accept the recommendations or accept the risk of not implementing the recommendations.

As with any process change, there are obstacles to be overcome. It is crucial for the new process to not only work, but also be viewed as improved and useful to those involved in the process. Determining how to capture the data and in which area of the organization the data will be captured is an immediate concern of management. Data could be captured by imaging the checks in the mail processing area before the flybacks are delivered to the Contact Center. Data could also be entered into a database or spreadsheet as soon as the flybacks come into the Contact Center and before they are sent to the appropriate tax areas. Management of the two areas, along with further cost-benefit analysis, should decide the most effective and least costly method of collecting the data.

Communication among the various tax areas is vital so ideas can be shared and further process improvements can be suggested by those employees directly involved in the flyback process. Representatives from each tax area should document the process and develop formal written procedures to ensure that all employees are processing flybacks according to agency standards; thereby supporting the agency's mission and maintaining accountability to the taxpayers of South Carolina.

Supervisors and managers in the affected tax areas are likely to view reconciliation of flybacks as another duty they have to perform with already heavy workloads. Helping management understand the risks associated with inappropriately handled monies as it relates to the agency's mission and our responsibility of accountability to the public is crucial to their early awareness of the importance of these new tasks.

Without reconciliation, there is no way to determine the ultimate resolution of flybacks and to ensure the public that no monies have been inappropriately handled. Capturing flyback data and tracking the flybacks through the process until their ultimate resolution will enable supervisors in the different tax areas to know at any time how many flybacks are assigned to their staff, where each flyback is in the process, how long it is taking to work flybacks, the amount of each flyback, etc. This data should prove very useful when determining work assignments and staffing levels for their areas, as well as providing factual data as support for supervisors when requesting additional technical or employee resources. Focusing on the advantages that will be provided by capturing and reconciling flyback data should be stressed to supervisors and managers to gain their buy-in to the process improvements.

Upon implementation the agency will know the volume of flybacks, amounts of refunds, flyback dates, and tax type. Updating the data throughout the process will provide the agency with information concerning the current status and the ultimate resolution of all flybacks in addition to the length of time it took to process any particular flybacks. Since this data has never been captured before, data gathered during the first quarter of implementation can be used as a baseline. Quarterly evaluation of the process and the data should be performed by each tax area individually and collectively to monitor how effectively the process is working and if the data is continuing to provide useful information. Many times, once the data is

collected and reviewed by employees and management, they see other ways the data can be used to provide further information and may suggest additional data be captured to provide even more information to assist them in making better informed business decisions. When the process is determined to be performing well and meeting users' expectations, semi-annual or annual evaluation can be performed to ensure it is still meeting users' expectations.

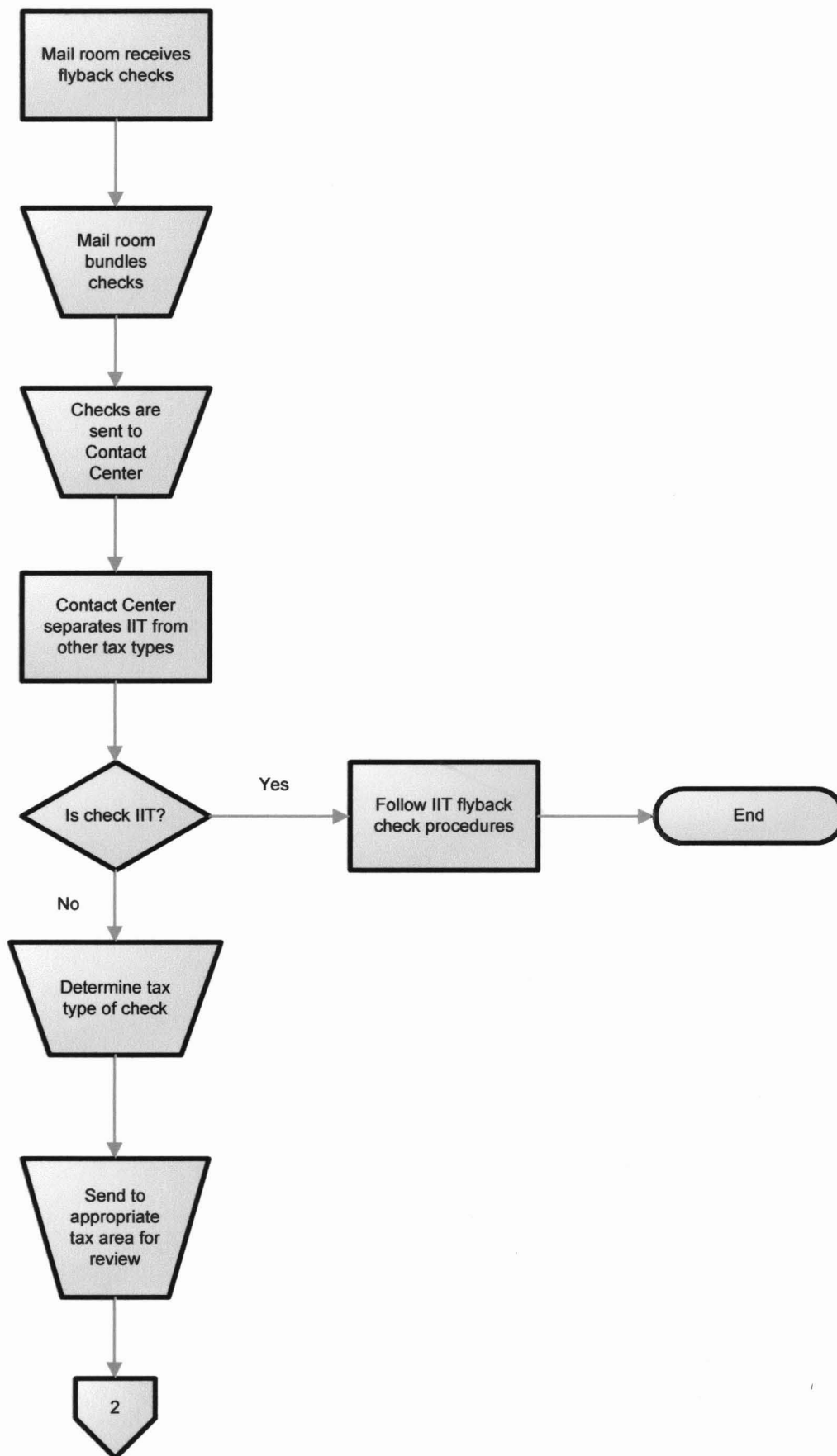
The immediate impact of capturing data and reconciling activities of flybacks will enable the agency to know how many flybacks are in the agency at any time, their location, and their current status. Capturing flyback data, improving the flyback process, and implementing appropriate monitoring procedures within the flyback process is another step towards the SCDOR's goal of providing quality services to our customers; keeping the public's trust by making business decisions based on integrity and honesty; being accountable to our customers and responsible for all of our actions; and continuously improving the quality of our services.

Appendix A

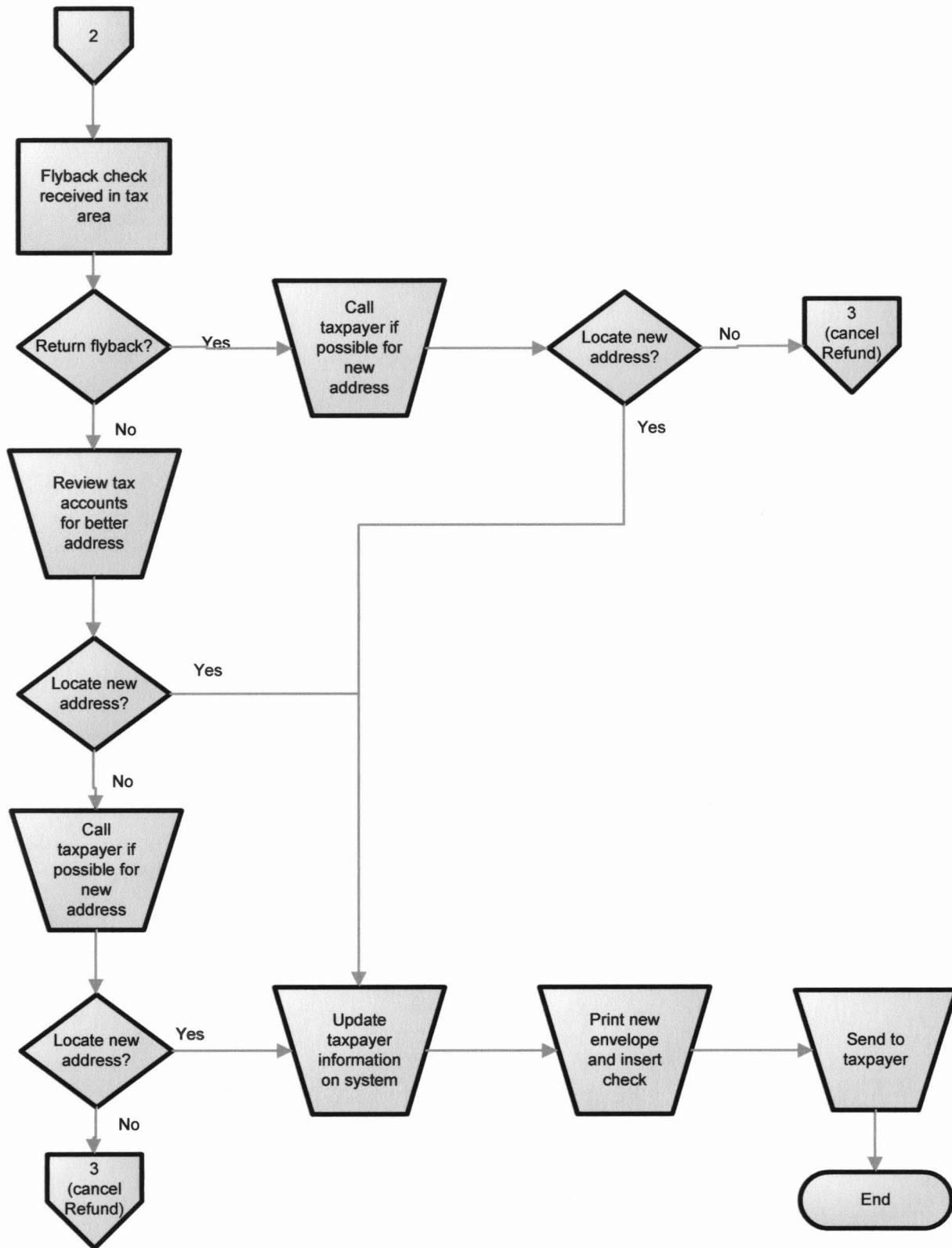
Check Number	Tax Type	Refund Reason	Amount	Zipcd	Zip-4	Flyback Date
127766668	CORP IN	028 OVERPAYMENT	\$4.26	29577	5820	8/21/06
127759916	WAR REV FD	600 RECEIVABLE REFUND	\$30.00	29445		8/21/06
127753845	WAR REV FD	600 RECEIVABLE REFUND	\$19.00	74802		8/21/06
127775588	WAR REV FD	600 RECEIVABLE REFUND	\$149.25	44122		8/21/06
127632998	WAR REV FD	600 RECEIVABLE REFUND	\$39.47	29484	2312	8/21/06
127754010	EWHPRE	020 TAXES OVERPAID	\$573.85	29502	4028	8/21/06
127697337	WAR REV FD	600 RECEIVABLE REFUND	\$46.09	29403	3429	8/21/06
127749429	WAR REV FD	600 RECEIVABLE REFUND	\$37.39	29403	3429	8/21/06
127766631	WAR REV FD	600 RECEIVABLE REFUND	\$105.70	29360	2166	8/22/06
127775489	WAR REV FD	600 RECEIVABLE REFUND	\$100.80	29646	4515	8/22/06
127779789	WAR REV FD	600 RECEIVABLE REFUND	\$450.77	29690	0264	8/22/06
127773396	WAR REV FD	600 RECEIVABLE REFUND	\$30.00	29445		8/22/06
127721333	SALES	020 TAXES OVERPAID	\$100.00	29607	4126	8/23/06
127724872	WAR REV FD	600 RECEIVABLE REFUND	\$1,441.74	29907		8/23/06
127757669	WAR REV FD	600 RECEIVABLE REFUND	\$420.30	29644		8/23/06
127786633	WAR REV FD	600 RECEIVABLE REFUND	\$50.00	89103	4420	8/24/06
127741472	CORP IN	001 ORIGINAL RETURN	\$50.00	78731		8/25/06
127789515	WAR REV FD	600 RECEIVABLE REFUND	\$52.71	29678		8/25/06
127724871	WAR REV FD	600 RECEIVABLE REFUND	\$299.61	29907		8/25/06
127732153	EWHPRE	020 TAXES OVERPAID	\$39.17	29938	5982	8/25/06
127775553	WAR REV FD	600 RECEIVABLE REFUND	\$900.00	29401	2508	8/28/06
127786655	WAR REV FD	600 RECEIVABLE REFUND	\$50.63	29403	3429	8/28/06
127789627	WAR REV FD	600 RECEIVABLE REFUND	\$86.25	29477		8/28/06
127789471	WAR REV FD	600 RECEIVABLE REFUND	\$146.58	29646	4515	8/28/06
127789567	EWHPRE	020 TAXES OVERPAID	\$274.43	29151	2769	8/28/06
127789638	WAR REV FD	600 RECEIVABLE REFUND	\$13.43	29607	1901	8/28/06
127796193	WAR REV FD	600 RECEIVABLE REFUND	\$50.00	29303	4620	8/28/06
127792049	WAR REV FD	600 RECEIVABLE REFUND	\$37.12	29624	1438	8/29/06
127789488	WAR REV FD	600 RECEIVABLE REFUND	\$25.00	12015	0072	8/29/06
127789606	SALES	020 TAXES OVERPAID	\$42.20	29501		8/29/06
127805983	EWHPRE	020 TAXES OVERPAID	\$3.71	29572	4241	8/29/06
127806064	EWHPRE	020 TAXES OVERPAID	\$61.95	29575		8/29/06
127801506	EWHPRE	020 TAXES OVERPAID	\$60.00	29020	7960	8/29/06
127801371	CORP LIC	001 ORIGINAL RETURN	\$10.00	29577	3706	8/29/06
127801411	CORP IN	001 ORIGINAL RETURN	\$20.00	29577	3706	8/29/06
127806795	WAR REV FD	600 RECEIVABLE REFUND	\$235.85	29690	0264	8/30/06
127789646	WAR REV FD	600 RECEIVABLE REFUND	\$146.29	29615	2103	8/30/06
127786637	WAR REV FD	600 RECEIVABLE REFUND	\$25.00	29662	1745	8/30/06
127805821	EWHPRE	020 TAXES OVERPAID	\$3.00	29720		8/30/06
127798892	WAR REV FD	600 RECEIVABLE REFUND	\$100.00	29651	9615	8/31/06
127798891	WAR REV FD	600 RECEIVABLE REFUND	\$84.22	29651	9615	8/31/06
127798890	WAR REV FD	600 RECEIVABLE REFUND	\$95.78	29651	9615	8/31/06
127789487	WAR REV FD	600 RECEIVABLE REFUND	\$25.00	29038		8/31/06
127801793	WAR REV FD	600 RECEIVABLE REFUND	\$116.61	29646	4515	8/31/06
127801808	WAR REV FD	600 RECEIVABLE REFUND	\$20.00	29116	2232	9/1/06
127798855	WAR REV FD	600 RECEIVABLE REFUND	\$50.00	89103	4420	9/1/06
127805775	EWHPRE	020 TAXES OVERPAID	\$55.56	29901	1288	9/1/06
127802032	WAR REV FD	600 RECEIVABLE REFUND	\$37.55	29116	2232	9/1/06
127805846	EWHPRE	020 TAXES OVERPAID	\$2.85	29926		9/1/06
127806284	EWHPRE	020 TAXES OVERPAID	\$16.23	29206	5212	9/1/06
127773484	CORP LIC	001 ORIGINAL RETURN	\$25.53	29572	0010	9/1/06
127806806	WAR REV FD	600 RECEIVABLE REFUND	\$562.24	29067	9188	9/1/06
127789629	WAR REV FD	600 RECEIVABLE REFUND	\$91.22	29609	4532	9/1/06
127806790	WAR REV FD	600 RECEIVABLE REFUND	\$100.00	29063		9/1/06

NOTE: Appendix includes only the first page of data as an example.

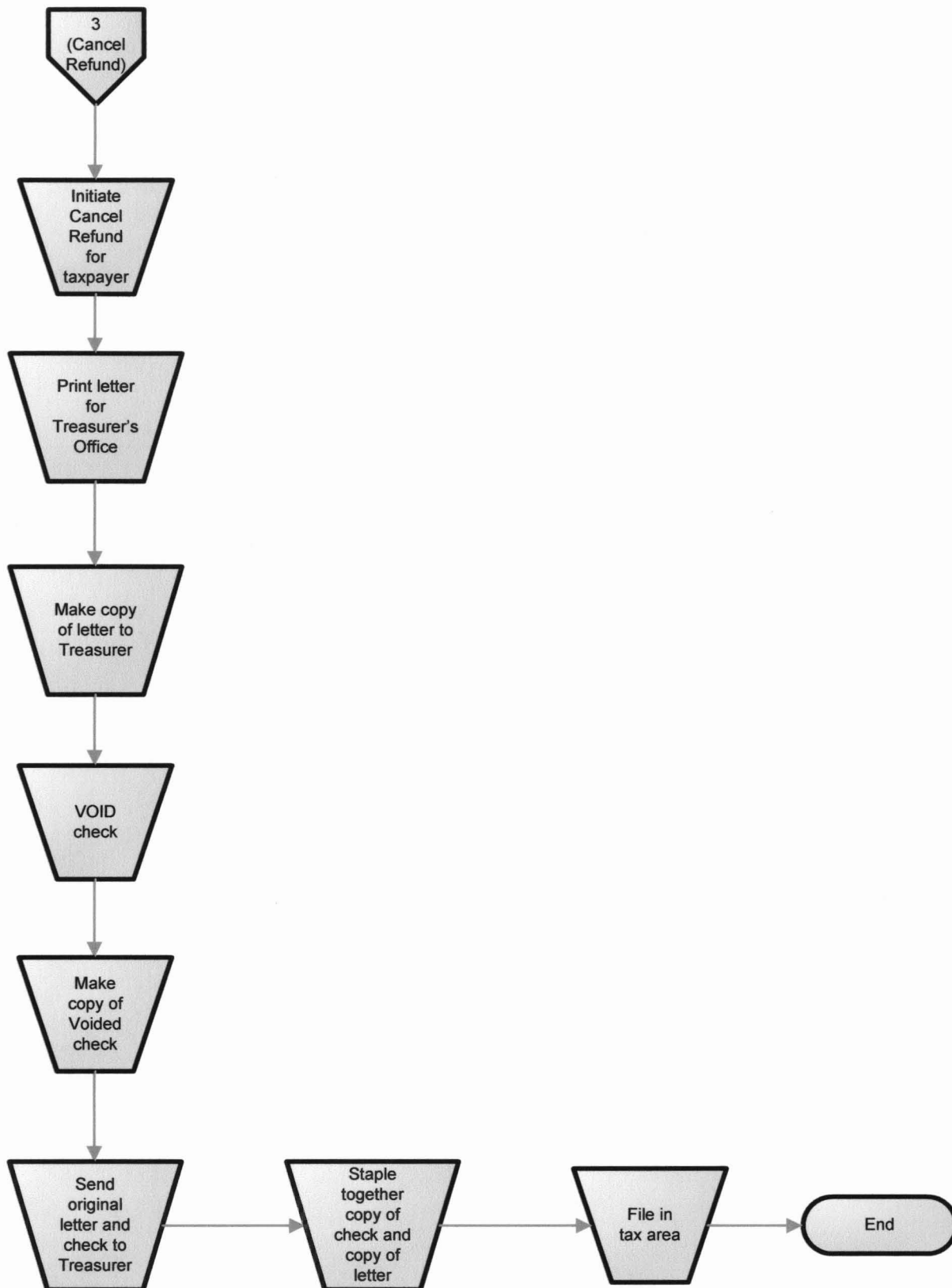
Appendix B - Flyback Check Process



Appendix B - Flyback Check Process



Appendix B - Flyback Check Process



Appendix C

SECTION 27-18-140. Unclaimed intangible property presumed abandoned; tax refund checks. [SC ST SEC 27-18-140]

(A) Intangible property held for the owner by a court, state, or other government, governmental subdivision or agency, public corporation, or public authority which remains unclaimed by the owner for more than five years after becoming payable or distributable is presumed abandoned.

(B) Notwithstanding the provisions of subsection (A), tax refund checks as defined in Chapter 54 of Title 12 are presumed abandoned if unclaimed for a period of three months from the date the tax refund check was issued by the Department of Revenue.

(C) This chapter does not apply to tax refund checks mailed to an owner, and not presented for payment, but not returned to the Department of Revenue by the Post Office for an unknown, undeliverable, or insufficient address.

SECTION 12-54-270. Returned refund check as unclaimed property.

A tax refund check that is returned to the Department of Revenue for an unknown, undeliverable, or insufficient address is unclaimed property pursuant to the provisions of Chapter 18 of Title 27, the Uniform Unclaimed Property Act.

Appendix D

OPERATIONAL DEFINITIONS

TAX TYPES REPRESENTED IN PROJECT DATA

ABL INSPECT FEE	Alcohol Beverage License Inspection Fee
B&W LIC	Beer and Wine License
BINGO DISB	Bingo Disbursement
CORP IN	Corporate Income
CORP LIC	Corporate License
EWB PRE	Employee Withholding Pre-Pay
FID	Fiduciary
IND INC	Individual Income
SALES	Sales
SWM-TIRES	Solid Waste Management - Tires
WAR REV FD	Warrant Revolving Fund

As of: 11/07/2006 15:11:05

Command: VERIFY FIELDS Check_Number ERRORLIMIT 10 TO SCREEN

Table: Flyback_Checks

0 data validity errors detected

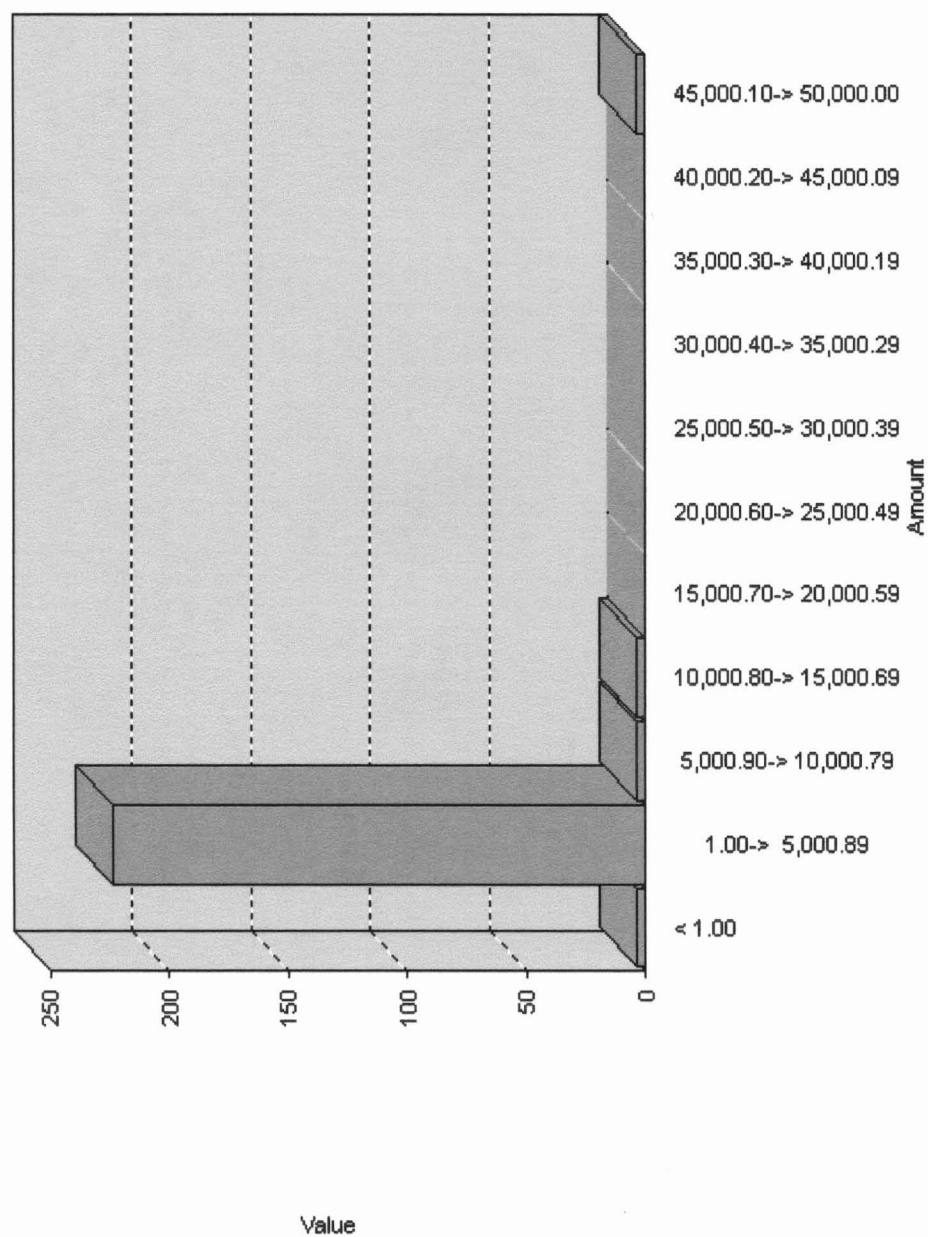
As of: 11/07/2006 15:25:57

Command: CLASSIFY ON Tax_Type TO SCREEN

Table: Flyback_Checks

Tax_Type	Count	Percent of Count
«15 spaces»	2	0.87%
ABL INSPCT FEE	1	0.43%
ABL INSPECT FEE	1	0.43%
B&W LIC	1	0.43%
BINGO DISB	5	2.16%
CORP IN	15	6.49%
CORP LIC	4	1.73%
EWB PRE	38	16.45%
FID	1	0.43%
IND INC	2	0.87%
SALES	5	2.16%
SWM-TIRES	3	1.3%
WAR REV FD	153	66.23%
Totals	231	100%

Histogram



HISTOGRAM ON Amount MINIMUM 1 MAXIMUM 50000 INTERVALS 10 TO GRAPH

As of: 11/07/2006 15:32:40

Command: STRATIFY ON Amount SUBTOTAL Amount MINIMUM 1 MAXIMUM 50000 INTERVALS 10 TO SCREEN

Table: Flyback_Checks

Minimum encountered was 0.00

Maximum encountered was 49,789.27

Amount	Count	Percent of Count	Percent of Field	Amount
<1.00	2	0.87%	0%	0.00
1.00 - 5,000.89	224	96.97%	41.64%	60,360.81
5,000.90 - 10,000.79	3	1.3%	13.85%	20,078.54
10,000.80 - 15,000.69	1	0.43%	10.15%	14,712.96
15,000.70 - 20,000.59	0	0%	0%	0.00
20,000.60 - 25,000.49	0	0%	0%	0.00
25,000.50 - 30,000.39	0	0%	0%	0.00
30,000.40 - 35,000.29	0	0%	0%	0.00
35,000.30 - 40,000.19	0	0%	0%	0.00
40,000.20 - 45,000.09	0	0%	0%	0.00
45,000.10 - 50,000.00	1	0.43%	34.35%	49,789.27
Totals	231	100%	100%	144,941.58

As of: 02/02/2007 14:45:42

Command: STRATIFY ON Amount SUBTOTAL Amount MINIMUM 1.00 MAXIMUM 5000 INTERVALS 10 TO SCREEN

Table: Flyback_Checks

Filter: (Amount >= 1.00 AND Amount <= 5000.89) (224 records matched)

Minimum encountered was 1.57
Maximum encountered was 3,066.12

Amount	Count	Percent of Count	Percent of Field	Amount
1.00 - 500.89	185	82.59%	32.36%	19,534.50
500.90 - 1,000.79	26	11.61%	29.59%	17,861.25
1,000.80 - 1,500.69	7	3.13%	15.09%	9,107.76
1,500.70 - 2,000.59	2	0.89%	5.13%	3,094.62
2,000.60 - 2,500.49	1	0.45%	4.06%	2,453.00
2,500.50 - 3,000.39	2	0.89%	8.69%	5,243.56
3,000.40 - 3,500.29	1	0.45%	5.08%	3,066.12
3,500.30 - 4,000.19	0	0%	0%	0.00
4,000.20 - 4,500.09	0	0%	0%	0.00
4,500.10 - 5,000.00	0	0%	0%	0.00
Totals	224	100%	100%	60,360.81

As of: 02/02/2007 14:46:31

Command: STRATIFY ON Amount SUBTOTAL Amount MINIMUM 1.00 MAXIMUM 500 INTERVALS 10 TO SCREEN

Table: Flyback_Checks

Filter: (Amount >= 1.00 AND Amount <= 5000.89) (224 records matched)

Minimum encountered was 1.57

Maximum encountered was 3,066.12

Amount	Count	Percent of Count	Percent of Field	Amount
1.00 - 50.89	75	33.48%	3.64%	2,199.60
50.90 - 100.79	42	18.75%	5.56%	3,357.40
100.80 - 150.69	25	11.16%	5.12%	3,088.39
150.70 - 200.59	17	7.59%	4.9%	2,960.41
200.60 - 250.49	9	4.02%	3.38%	2,041.52
250.50 - 300.39	9	4.02%	4.12%	2,484.98
300.40 - 350.29	1	0.45%	0.52%	313.50
350.30 - 400.19	1	0.45%	0.63%	380.30
400.20 - 450.09	2	0.89%	1.43%	861.22
450.10 - 500.00	4	1.79%	3.06%	1,847.18
>500.00	39	17.41%	67.64%	40,826.31
Totals	224	100%	100%	60,360.81

As of: 02/05/2007 10:55:10

Command: DUPLICATES ON Chk_Number PRESORT TO SCREEN

Table: Flyback_Checks

3 duplicates detected

Duplicates:

Record Number	Chk_Number
102	127822802
106	127826708
173	127892404

As of: 02/05/2007 17:42:07

Command: DUPLICATES ON Taxpayer_ID OTHER Chk_Number Tax_Type Amount Flyback_Date PRESORT TO SCREEN

Table: Flyback_Checks

81 duplicates detected

Duplicates:

Taxpayer_ID	Chk_Number	Tax_Type	Amount	Flyback_Date
*	127857219	«15 spaces»	0.00	9/29/2006
	127931288	«15 spaces»	0.00	«10 spaces»
	127853787	WAR REV FD	838.00	10/18/2006
	127853789	WAR REV FD	801.00	10/18/2006
	127853788	WAR REV FD	252.32	10/18/2006
	127905997	WAR REV FD	49.68	10/12/2006
	127924489	WAR REV FD	75.00	10/19/2006
	127939912	WAR REV FD	75.00	«10 spaces»
	127775489	WAR REV FD	100.80	8/22/2006
	127789471	WAR REV FD	146.58	8/28/2006
	127801793	WAR REV FD	116.61	8/31/2006
	127843891	SALES	166.06	9/19/2006
	127924450	SALES	53.02	10/19/2006
	127789515	WAR REV FD	52.71	8/25/2006
	127849973	WAR REV FD	35.20	9/29/2006
	127860321	WAR REV FD	33.29	10/5/2006
	127789629	WAR REV FD	91.22	9/1/2006
	127895906	WAR REV FD	174.54	10/9/2006
	127843932	WAR REV FD	65.00	10/4/2006
	127849897	WAR REV FD	65.00	10/4/2006
	127867395	WAR REV FD	65.00	10/4/2006
	127806843	WAR REV FD	696.62	9/7/2006
	127826730	WAR REV FD	627.22	9/11/2006
	127801371	CORP LIC	10.00	8/29/2006
	127801411	CORP IN	20.00	8/29/2006
	127805661	CORP IN	790.78	9/5/2006
	127805660	CORP IN	3,066.12	9/5/2006
	127724872	WAR REV FD	1,441.74	8/23/2006
	127724871	WAR REV FD	299.61	8/25/2006

* NOTE: IDENTIFYING INFORMATION FOR
TAXPAYERS HAS BEEN REMOVED

127895878	B&W LIC	200.00	10/9/2006
127896039	ABL INSPCT FEE	100.00	10/9/2006
127822802	SWM-TIRES	757.00	9/13/2006
127822802	SWM-TIRES	757.00	9/28/2006
127839625	WAR REV FD	232.79	9/11/2006
127839626	WAR REV FD	252.08	9/12/2006
127786633	WAR REV FD	50.00	8/24/2006
127798855	WAR REV FD	50.00	9/1/2006
127875111	WAR REV FD	132.63	10/4/2006
127892404	WAR REV FD	112.50	10/6/2006
127892404	WAR REV FD	112.50	10/16/2006
127798892	WAR REV FD	100.00	8/31/2006
127798891	WAR REV FD	84.22	8/31/2006
127798890	WAR REV FD	95.78	8/31/2006
127844003	WAR REV FD	32.77	9/22/2006
127881651	WAR REV FD	100.00	10/9/2006
127759916	WAR REV FD	30.00	8/21/2006
127773396	WAR REV FD	30.00	8/22/2006
127902969	WAR REV FD	85.48	10/12/2006
127911018	WAR REV FD	93.26	10/18/2006
127919231	WAR REV FD	72.44	«10 spaces»
127754146	WAR REV FD	501.57	9/15/2006
127801920	WAR REV FD	501.57	9/18/2006
127810679	WAR REV FD	551.57	9/18/2006
127806790	WAR REV FD	100.00	9/1/2006
127801821	WAR REV FD	100.00	9/1/2006
127826672	BINGO DISB	1,577.72	9/20/2006
127860202	BINGO DISB	2,639.66	9/26/2006
127826708	BINGO DISB	98.90	9/8/2006
127826708	BINGO DISB	98.90	9/26/2006
127697337	WAR REV FD	46.09	8/21/2006
127749429	WAR REV FD	37.39	8/21/2006
127786655	WAR REV FD	50.63	8/28/2006
127846779	WAR REV FD	699.84	9/25/2006
127846778	WAR REV FD	291.32	9/25/2006
127857347	WAR REV FD	202.44	10/3/2006
127886779	WAR REV FD	79.11	10/19/2006
127846757	WAR REV FD	962.00	9/19/2006

127843841	IND INC	20.00	9/19/2006
127931575	WAR REV FD	17.60	«10 spaces»
127931576	WAR REV FD	141.98	«10 spaces»
127813871	WAR REV FD	710.19	9/5/2006
127839618	WAR REV FD	711.78	9/12/2006
127753845	WAR REV FD	19.00	8/21/2006
127789638	WAR REV FD	13.43	8/28/2006
127796193	WAR REV FD	50.00	8/28/2006
127792049	WAR REV FD	37.12	8/29/2006
127789488	WAR REV FD	25.00	8/29/2006
127786637	WAR REV FD	25.00	8/30/2006
127801808	WAR REV FD	20.00	9/1/2006
127802032	WAR REV FD	37.55	9/1/2006
127818695	WAR REV FD	61.00	9/5/2006
127792030	WAR REV FD	64.68	9/5/2006
127818710	WAR REV FD	9.03	9/5/2006
127826745	WAR REV FD	98.05	9/6/2006
127818692	WAR REV FD	25.00	9/11/2006
127839620	WAR REV FD	178.07	9/20/2006
127843993	WAR REV FD	53.54	9/20/2006
127853727	WAR REV FD	110.00	9/22/2006
127864272	WAR REV FD	116.00	9/25/2006
127872424	WAR REV FD	100.00	9/26/2006
127864311	WAR REV FD	85.82	9/28/2006
127864283	WAR REV FD	168.10	9/29/2006
127857410	WAR REV FD	259.85	9/29/2006
127881630	WAR REV FD	50.00	10/5/2006
127886787	WAR REV FD	28.22	10/9/2006
127886771	WAR REV FD	103.79	10/9/2006
127886800	WAR REV FD	172.35	10/9/2006
127902991	WAR REV FD	85.87	10/12/2006
127895961	WAR REV FD	237.04	10/12/2006
127911042	WAR REV FD	121.58	10/13/2006
127911035	WAR REV FD	313.50	10/17/2006
127902981	WAR REV FD	157.87	10/17/2006
127919232	WAR REV FD	24.38	10/18/2006
127886810	WAR REV FD	111.04	10/19/2006
127919285	WAR REV FD	60.00	10/19/2006

127924468	WAR REV FD	288.37	10/19/2006
127914193	WAR REV FD	70.71	10/20/2006
127898910	WAR REV FD	25.00	«10 spaces»
127936820	WAR REV FD	27.74	«10 spaces»
127924475	WAR REV FD	44.28	«10 spaces»
127939881	WAR REV FD	50.00	«10 spaces»
127705223	WAR REV FD	80.00	9/5/2006
127744752	WAR REV FD	40.00	9/7/2006
127779867	WAR REV FD	88.55	9/6/2006
127789643	WAR REV FD	170.96	9/6/2006

Check_Number	Tax_Type	Refund_Reason	Amount	Zipcd	Zip_4	Flyback_Date
127892349	CORP IN	002 AMENDED RETURN	49789.27	29138	9801	10/5/2006
127813779	EWI PRE	020 TAXES OVERPAID	14712.96	70809	2251	9/11/2006
127914199	WAR REV FD	600 RECEIVABLE REFUND	9784.54	29566	8308	10/17/2006
127801402	CORP IN	001 ORIGINAL RETURN	5216.00	44309	0	9/5/2006
127801424	CORP IN	001 ORIGINAL RETURN	5078.00	10604	3814	9/1/2006
127805660	CORP IN	001 ORIGINAL RETURN	3066.12	55432	0	9/5/2006
127860202	BINGO DISB	045 BINGO CHARITIES	2639.66	29445	1163	9/26/2006
127796117	CORP IN	004 FSD AUDIT	2603.90	7078	0	9/11/2006
127822798	SWM-TIRES	001 ORIGINAL RETURN	2453.00	29560	0	9/6/2006
127826672	BINGO DISB	045 BINGO CHARITIES	1577.72	29445	1163	9/20/2006
1278334602			96921.17	335386	26500	

Voucher Number	Flyback Checks in Voucher	Total Checks in Voucher	Percentage of Flybacks
6070742	1	372	0.002688172
6070853	2	282	0.007092199
6070896	1	185	0.005405405
6070940	1	280	0.003571429
6070972	2	297	0.006734007
6080105	1	230	0.004347826
6080145	1	128	0.0078125
6080177	1	109	0.009174312
6080235	1	120	0.008333333
6080278	6	323	0.018575851
6080335	2	176	0.011363636
6080408	3	119	0.025210084
6080444	4	180	0.022222222
6080500	7	148	0.047297297
6080561	2	74	0.027027027
6080598	2	120	0.016666667
6080629	8	189	0.042328042
6080662	10	697	0.014347202
6080707	9	1497	0.006012024
6080770	2	243	0.008230453
6080809	4	265	0.01509434
6080839	3	133	0.022556391
6080880	3	152	0.019736842
6080919	6	241	0.024896266
6080976	1	209	0.004784689
6081015	1	132	0.007575758
6090070	5	149	0.033557047
6090117	6	232	0.025862069
6090200	6	226	0.026548673
6090230	4	226	0.017699115
6090265	5	296	0.016891892
6090303	6	343	0.017492711
6090359	6	173	0.034682081
6090394	3	197	0.015228426
6090424	2	132	0.015151515
6090458	1	172	0.005813953
6090487	2	218	0.009174312
6090539	4	220	0.018181818
6090582	4	310	0.012903226
6090616	5	230	0.02173913
6090648	3	160	0.01875
6090691	7	318	0.022012579
6090745	3	154	0.019480519
6090782	4	114	0.035087719
6090819	1	109	0.009174312
6100029	2	105	0.019047619
6100079	7	429	0.016317016
6100201	4	319	0.012539185

6100241	1	126	0.007936508
6100269	4	139	0.028776978
6100305	6	653	0.009188361
6100371	8	294	0.027210884
6100409	1	257	0.003891051
6100447	4	255	0.015686275
6100478	1	280	0.003571429

Appendix E

The following action steps would improve the current system if the action steps were able to be incorporated into the current tax processing system:

- Updating all applicable addresses in each tax type when an address is changed in a specific tax area:
- Having the receivable system check the individual income system for updated addresses based on social security number matches rather than using addresses in the receivable system;
- Periodically updating addresses in receivables from the individual income tax system;
- Purchasing online address update software from a private vendor or the US Postal Service and incorporating it into the system;
- Displaying all actions performed on flybacks on SCATS screens.